

**COUNCIL SPECIAL MEETING
MINUTES
FEBRUARY 16, 2011**

Pursuant to Public Notice, Mayor Ferrante convened the special meeting of the City Council on Wednesday, February 16, 2011, at 6:00 p.m., in the Council Chamber. Those present were Mayor Joseph Ferrante, Vice-Mayor Mike Chase, Councilman Jeffrey Fleis, Councilman Scott Rhodes, Councilman William Higginson, City Manager Michael P. Crotty, and City Clerk Barbara Montanaro.

Mayor Ferrante led the Pledge of Allegiance.

CONTINUED REVIEW OF RECOMMENDATIONS CONTAINED IN THE FINAL REPORT OF THE BLUE RIBBON FINANCIAL/BUDGET COMMITTEE:

RECREATION

Institute a facilities-use surcharge for programs

Recreation Director Kerry Stoms stated that in the Recreation Department a “program” means a class or instruction session, such as dance or tennis or art. These programs/classes are operated on a percentage basis with the City retaining about twenty percent to offset facility and administrative costs. The instructor receives the remaining percentage.

In FY 10/11, the percentage retained by the City was increased by one percent for the majority of programs. This will result in an approximate \$3,800 in revenue. The Recreation Department will meet the projected Program Income of \$380,000 for FY 10/11, of which \$41,800 is used to offset administrative and facility costs. In FY 10/11, the estimated income is \$400,000 with \$44,000 for costs.

Resolution No. 873 establishes the facility use/rental fees for the beach pavilions, meeting rooms, skatepark, tennis courts, racquetball courts, gymnasium, etc. The four youth programs that use sports fields provide donations annually to fund needed improvements to the fields. In 2008, the Recreation Board reviewed a per player fee for youth sports and determined that the City derives more income from the organizations’ contributions to field maintenance than would be received from a per player fee.

Council discussed the following:

- Is there a decline in participation when fees are raised? [People are always upset when fees go up. After people check prices elsewhere, they find the prices are reasonable and stay in our facilities. The twenty percent increase was mainly for rentals; Little League went from \$8 to \$10 a player.]
- Can there be two-tier fees for adults vs. youth? [Fees are based on the instructors’ credentials and frequently classes for adults are more expensive because of the level of the class.]

Charge maximum fees that market will bear

Recreation Director Stoms stated that the rate increase in 2009 was what the Board and Council felt the market could bear.

Investigate a joint swim program with SHS and the City

Recreation Director Stoms met with Helen Ryan, who oversees the SHS swimming pool and swim programs to offer administrative assistance. It is possible that the City could derive a little income from the swim program, but it would be very labor intensive.

Contract with food vendors at sports complexes

Recreation Director Stoms stated that the sport organizations use any proceeds from concession sales to fund the club’s ongoing program costs and/or facility improvements. There are concession stands on the soccer, baseball, and football fields. Soccer does not use them, baseball uses two of the four stands,

and football brings grills, ice, etc., and sets up their own concession rather than using the stand. The City is benefiting from each organization's profits, and it would not be in the best interest to take over/administer the concession stands.

Contract with vendors for services at beach

Recreation Director Stoms reported that Oasis Shaved Ice has a portable stand that they use at Cocoa Beach with good success (\$600-\$800 in 3-4 hours). She has contacted Brevard County Parks and Rec to get their procedure for securing contracts for beach vendors. She recommended securing one vendor for non-perishable foods at Pelican Beach Park for the summer and expanding the program if it is successful.

Council concurred that there is a need for vendors at the beach, and maybe even the sports fields if they set up their own supplies. It would be low risk for the City to provide a spot and a set of rules. Council does not want to take business away from local establishments and would like to fill the vendor spots with City businesses and/or residents.

MISCELLANEOUS NEW REVENUE SOURCES

Competitively lease out vending machine space

Recreation Director Stoms stated that in FY 09/10 the Rec Department received \$1,227 from four drink machines and one snack machine. This is not a good fundraiser.

Fundraising suggestions

The goal of events that the Rec Department currently sponsors is to promote a sense of community. Big fundraisers that make a lot of money do not set well here. The family night movie event will bring people together, but it will not raise money – it costs \$300 to rent the movie. The core value of the Rec Department and its programs/events is to provide a sense of well being and to feel good about where you live and play.

Council discussed the revenue that the Rec Department brings in. They also noted that the Department is operating as a company and sticking to core values.

Mayor Ferrante asked for public comments; the following people addressed Council:

- John Fergus, 135 Maple Drive, stated that the City is attempting to acquire two parks from Brevard County and the possibility of generating money at the parks should not be discussed at this time because Brevard County may decide to keep the parks and the money.
- Lloyd French, 240 Colonial Court, expressed appreciation for the programs offered by the Rec Department. However, the City is in dire straits financially and the Rec Department cannot continue to run at a deficit. He asked a series of questions:
 - o What is the annual electric bill for Recreation?
 - o Is there Brevard County money in Pelican Beach Park?
 - o Does the City provide supplies for instructors?
 - o How many households in Satellite Beach?
 - o What is the cost per household for Recreation?
- Steve Hadley, 343 Lee Avenue, opposed eighty percent of the funds from programs going to help someone else make a profit and undercut another company. Vendors at Pelican Beach Park may or may not be a good idea. He recommended vending machines.
- Pat Gibbons, 469 Coach Road, stated that participating with the swim programs at SHS was his idea. He has investigated it further and does not recommend it because the time required is huge, and he

cannot see a profit for the hours required to administer the program. He suggested allowing vendors of food, umbrellas, and chairs at the beach. He suggested giving Da Kine Diego's and other local businesses first opportunity for concessions on the beach.

Mayor Ferrante commended the Recreation Department for the many programs offered for individuals from three months to ninety years of age and for making military personnel feel welcome in the community.

CITY FINANCES

Refinance Current City Debt

City Manager Crotty stated that this recommendation was implemented prior to the start of FY 10/11 and lowered the interest rate to 3.19% for a projected savings over four years of \$15,659.

Consider dipping into City reserves in 10/11 ONLY IF the City uses the reserve funds to pay off two years of capital leases (10/11 and 11/12) AND the money allocated in the budget for capital lease payments goes back into the capital reserves.

The City did not dip into reserves in FY 10/11. After the Independent CPA Auditors included a finding in their audit report to the State, the City Council adopted an aggressive fund balance/reserve policy which enabled the City to increase its reserve balances.

Finance Director Brenda Raver stated that the reserves should equal three month's operating expenses at a minimum; an ideal level of funding would be six months.

Decrease Funding for Travel and Conferences

City Manager Crotty presented a chart showing a substantial reduction in travel, training, and business expenses over the past eight years. Some travel/training is mandatory for employees to maintain their certifications. In the past year, three employees financed their own training at a cost of \$2,500.

Cell towers

Cell towers would produce \$18,000 - \$30,000 a year; but they have problems associated with them. The City's height restriction is 85 feet and the company needs 120-150 feet. If the City wanted to increase the height, it might be necessary to hold a referendum based on a Charter Amendment. The cell industry has provided a study showing that the value of residential property within 650 feet of a tower would be reduced by 2%-3%.

Mayor Ferrante thanked Finance Director Brenda Raver for her work in presenting the financial information.

Mayor Ferrante adjourned the meeting at 7:05 p.m.

Barbara Montanaro
City Clerk